

SAMPLE APPLICATION LETTER FOR BIODIESEL

INSTRUCTIONS FOR APPLICATION LETTER: Complete all items in (BOLD CAPS). Remember to attach a copy of User Group Agreement.

(DATE)

Mr. A.G. Kawamura
Secretary
California Department of Food and Agriculture
c/o Kristin Macey
6790 Florin-Perkins Road, Suite 100
Sacramento, California 95828

Re: Developmental Engine Fuel Variance

Dear Secretary Kawamura:

(COMPANY NAME) wishes to make formal application for a variance to the California Business and Professions Code, Division 5, Chapter 14, Section 13405 (B & P Code), which allows for the sales of developmental engine fuels under certain conditions. The variance requested is for the following fuels:

_____ 100% Biodiesel (B100)
_____ 20% Biodiesel (B20)
_____ Other (Specify) _____

Biodiesel is a clean burning alternative fuel, produced from domestic, renewable resources such as virgin oils (i.e. soybean oil), recycled oils (i.e. second-use cooking oil), or animal fats. Biodiesel contains no petroleum, but it can be blended at any level with petroleum diesel to be used in compression-ignition (diesel) engines with little or no modifications. It is biodegradable, nontoxic, and essentially free of sulfur and aromatics.

Biodiesel benefits Californians in three significant areas: public health, environmental stability, and energy security.

(1) Public Health Benefits:

The use of Biodiesel, either as either a B20 blend or as a neat motor fuel, will have significant public health benefits for Californians through the reduction of criteria pollutants, toxics, and greenhouse gases.

Extensive research and testing of biodiesel has been conducted. It was the first alternative fuel to successfully complete Tier 1 and Tier 2 Health Effects testing requirements of the Clean Air Act Amendments of 1990. That study found that B20 reduced total hydrocarbons by up to 30%, carbon monoxide up to 20%, and total particulate matter up to 15%. Additional research documents that the ozone forming potential of the hydrocarbon emissions of pure biodiesel is nearly 50% less than that of petroleum fuel. Pure biodiesel does not contain sulfur and therefore reduces sulfur dioxide exhaust from diesel engines to virtually zero.

Research also shows that biodiesel emissions have lower levels of potential cancer causing compounds (polycyclic aromatic hydrocarbons (PAH) and nitrated PAH compounds (nPAH)) than petroleum diesel exhaust.

(2) Environmental Benefits:

Biodiesel can help reduce global warming through lifecycle reductions of greenhouse gases. As a renewable fuel derived from organic materials, biodiesel used as a B20 blend or as a neat fuel can reduce the net amount of carbon dioxide in the biosphere. A U.S. Department of Energy study found that biodiesel production and use produces 78.5% less CO₂ emissions than petroleum diesel. Carbon dioxide is “taken up” by the annual production of crops such as soybeans and then released when vegetable oil based biodiesel is combusted. This makes biodiesel the best technology currently available for heavy-duty diesel applications to reduce atmospheric carbon.

(3) Energy Security:

California’s demand for energy is escalating at a rapid pace. At present, the state is a net importer of crude and finished petroleum products. The use of biodiesel in a blended form or as a neat motor fuel can help California meet its growing energy demand.

The American Society for Testing and Materials (ASTM) has adopted a fuel specification for biodiesel used as a blend stock (ASTM D 6751). ASTM is presently in the process of developing a specification for finished blends of B20 and a specification for neat biodiesel used as a motor fuel. Data collected as a result of this application may be used to assist ASTM with efforts in these areas.

(INSERT CURRENT AND FUTURE ACTIVITIES THAT WILL ASSIST WITH STANDARDS DEVELOPMENT, INCLUDING NAMES OF ORGANIZATIONS. ATTACH ANY DOCUMENTS PERTAINING TO FUEL TESTING.)

It is anticipated that users of **INSERT FUEL(S), i.e. B20, B100, BXX** would constitute a broad range of applications including: on-road vehicular use; off-road mobile equipment; marine use; and stationary sources used to power equipment or generate electricity. More specifically: **(PROVIDE LIST OF CURRENT AND/OR POTENTIAL CUSTOMERS.)**

(Examples: branches of the military; federal government agencies including the Postal Service; cities; counties; state agencies; transit agencies; private entities contracting services with a city, county, or state; special districts; private sector industries including solid waste collection fleets; electrical generation entities; agricultural industry; individuals via the formation of fuel coops or participation in controlled card-lock facilities).

Below are the test conditions, monitoring practices, and method of distribution and storage for **(COMPANY NAME)** :

1. Fleet Makeup: **(THE USER GROUP FLEET WILL CONSIST OF (XXX) USERS. (PROVIDE A GENERAL DESCRIPTION OF THE FLEET MAKEUP, I.E. SIZE,**

VEHICLE MAKE AND MODEL YEARS, ENGINE TYPES AND MODEL YEARS, ETC.)

2. Fuel Consumption: (PROVIDE PROJECTED GALLONAGE DISTRIBUTED OR USED PER MONTH
3. Monitoring/Tracking procedures for potential engine problems: PROVIDE DETAILED DESCRIPTION
4. User Notification: PROVIDE METHODS OF NOTIFICATION RE. POTENTIAL RISKS ASSOCIATED WITH THE USE OF THIS FUEL. (EXAMPLE: AT THE PUMP, INVOICES, USER GROUP AGREEMENT).
5. Damage Liability: PROVIDE COPY OF USER GROUP AGREEMENT AND OTHER DOCUMENT(S) THAT DETAIL DAMAGE LIABILITY.
6. Distribution Control: PROVIDE DETAILS OF METHOD USED TO ENSURE FUEL IS NOT SOLD TO THE PUBLIC (EXAMPLE: MEMBERSHIP REQUIRED).
7. Reporting: (COMPANY NAME) AGREES TO PROVIDE INFORMATION ON A QUARTERLY BASIS USING THE REPORT FORM (ATTACHED). (COMPANY NAME) AGREES TO PROVIDE OTHER INFORMATION AS REQUESTED.

I have read and agree to abide by the sections of the B & P Code and CCR that apply to the developmental engine fuels I wish to sell. I further agree to abide with all the conditions and monitoring practices specified in this application and make all study findings available directly to the applicable consensus organization developing a chemical and performance standard.

Please do not hesitate to contact us should you have questions or would like to discuss this further.

Sincerely,

SIGNATURE

NAME

TITLE

COMPANY NAME

COMPANY ADDRESS

PHONE NUMBER

FAX

EMAIL

**CALIFORNIA BUSINESS AND PROFESSIONS CODE
DIVISION 5, CHAPTER 14**

PETROLEUM

§ 13401. DEFINITIONS OF TERMS

- (q) "Developmental engine fuel" means any experimental automotive spark-ignition engine fuel or compression-ignition fuel which does not meet current standards established by this chapter but has characteristics which may lead to an improved fuel standard or the development of an alternative fuel standard.

§ 13405. DEVELOPMENTAL ENGINE FUELS

The Department of Food and Agriculture may grant a variance from the specifications of this chapter for developmental engine fuels if all of the following conditions apply:

- (a) Variances may only be granted to provide for the development of information under controlled test conditions to assist in the creation of chemical and performance standards for engine fuels.
- (b) Developmental engine fuel shall only be distributed or sold to fleet-type centrally fueled vehicle and equipment users.
- (c) The applicant shall warn all parties in writing of any potential risk associated with the use of the developmental engine fuel.
- (d) The applicant shall report information when and as the department may prescribe in order for the department to monitor the progress of the developmental engine fuel technology evaluation.

The applicant for a variance shall comply with all other requirements, terms, and conditions that are contained in regulations adopted by the department to further the purposes and administration of this section.

In granting a variance, the department expresses no opinion as to whether an applicant's developmental engine fuel will perform as represented by the applicant. Nor does the department express any opinion to the extent, if at all, that the developmental engine fuel may be safely and effectively used as a substitute for other spark-ignition or compression-ignition engine fuels without incident. Damages caused by the sale, delivery, storage, handling, and usage of the developmental engine fuel shall be addressed in accordance with contractual provisions negotiated and agreed upon by the applicant and the user.

The department may withdraw a variance if the applicant does not adhere to the conditions required to obtain the variance or if the department recognizes a high probability of equipment harm with the continued use of the developmental engine fuel or to protect public safety.

CALIFORNIA CODE OF REGULATIONS
DIVISION 9, CHAPTER 6

4144. Specifications – Developmental Fuels.

- (a) Sales of developmental engine fuels authorized by the Department are not subject to restrictions imposed upon the sale of non-conforming fuel products as set forth in Business and Professions Code Sections 13441, 13442 and 13451, but the Department's authorization does not create a variance or waiver from any other applicable California statute or regulation.
- (b) An applicant for authorization to sell developmental engine fuel must submit the following information to the Department:
 - (1) a statement of the potential benefit of the fuel to the people of California; and
 - (2) a description of test conditions associated with the use of the fuel, including control and monitoring practices, and the method of distribution and storage.
- (c) Any authorization provided by the Department is subject to the following terms and conditions:
 - (1) The authorization is limited to a period of two years, with an automatic renewal for an additional two years in the absence of action to revoke the authorization by the Department; and,
 - (2) Damages caused by sale, delivery, storage, handling and usage of the fuel shall be addressed in accordance with contractual provisions negotiated and agreed upon by the authorization holder and the user; and,
 - (3) The authorization holder shall report information to the Department as required to monitor the use of the fuel during the process of developing a generally recognized chemical and performance standard through a recognized consensus organization or standards writing organization, such as the American Society for Testing and Materials ("ASTM") or the Society of Automotive Engineers ("SAE"). The Department shall specify the reporting requirements on a case by case basis at the time the authorization is granted.
- (d) The Department may take action to revoke the authorization at any time. Revocation of the authorization is effective and final upon receipt of written notification by the authorization holder. The Department may take action to revoke the authorization if the Department finds:
 - (1) the authorization holder has violated any of the terms and conditions of the authorization; or,
 - (2) the authorization holder has abandoned efforts to develop a generally recognized chemical and performance standard for the fuel through a recognized consensus organization or standards writing organization.
 - (3) there is a high probability of equipment harm with the continued use of the developmental fuel or to protect the public safety.
- (e) The authorization shall cease to exist upon publication of a generally recognized chemical and performance standard for the fuel.

NOTE: Authority cited: Sections 12027 and 13405, Business and Professions Code. Reference: Sections 13401, 13440-13443, and 13450-13451, Business and Professions Code.

4147. Specifications – Biodiesel Blending Stock and Biodiesel Fuel Blends. –

Biodiesel Blending Stock and Biodiesel Fuel Blends shall meet the following specifications:

- (1) The diesel fuel used for blending shall meet the specifications set forth by ASTM International in the latest version of "Standard Specification for Diesel Fuel Oils D 975", contained in the ASTM publication entitled: Annual Book of ASTM Standards, Section 5, Volume 05:01.
- (2) Biodiesel blending stock shall meet the specifications set forth by ASTM International in the latest version of "Standard Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels D 6751", contained in the ASTM publication entitled: Annual Book of ASTM Standards, Section 5, Volume 05:04.
- (3) Any finished biodiesel fuel blend shall meet the specifications set forth by ASTM International in the latest version of "Standard Specification for Diesel Fuel Oils D 975", contained in the ASTM publication entitled: Annual Book of ASTM Standards, Section 5, Volume 05:01.

NOTE: Authority cited: Sections 12027 and 13450, Business and Professions Code. Reference: Sections 13401(i), 13450 and 13441, Business and Professions Code.

4148. Labeling and Price Advertising Sign Requirements for Biodiesel.

- (a) Biodiesel blends shall have the words "Biodiesel fuel (BXX)", where XX represents the volume percent biodiesel in the fuel, used to describe the name of the product on all dispensers, advertising signs, and storage tank labels as required in Section 13480 and 13532 of the Business and Professions Code.
- (b) Every biodiesel blend dispenser dispensing blends greater than 5 volume percent (B5) of biodiesel shall display on each customer side, as required by Section 13484 of the Business and Professions Code, a sign clearly visible which reads as follows:

"THIS FUEL CONTAINS BIODIESEL. CHECK THE OWNER'S MANUAL OR WITH YOUR ENGINE MANUFACTURER BEFORE USING."

NOTE: Authority cited: Sections 12027 and 13450, Business and Professions Code. Reference: Sections 13480, 13484 and 13582, Business and Professions Code.

Developmental Engine Fuel Variance Quarterly Report Form

Date Report Submitted: _____
For Year: _____, Quarter: ____ (Jan-Mar) ____ (Apr-Jun) ____ (Jul-Sep) ____ (Oct-Dec)

Variance Holder Contact Information:

Name: _____
Address: _____
City, State, Zip: _____
Telephone: _____
FAX: _____
Email: _____

Attach additional contact information for each additional office location. Identify which location(s) maintain records.

Type of Business (check all that apply):

_____ Producer
_____ Blender
_____ Distributor
_____ Sales to End Users

Storage and Dispensing Locations:

Attach current list of all storage and dispensing locations.

User Group Information:

Attach completed current copy of User Group Agreement.

Fleet Information:

Attach current information about fleet vehicles or equipment (make, model, year).

Fuel Type and Sales Information (number of gallons distributed or sold):

_____ gallons of B-100
_____ gallons of B-____ (state % biodiesel)
_____ gallons of Other (state type of fuel _____)

Vehicle/equipment damage or failure during last quarter:

Attach report documenting specific nature of failure, type of fuel used, make/model of equipment damaged, and corrective action taken. **(Note: The Department has a responsibility to monitor developmental fuel variances and revoke those where a high probability exists that continued developmental fuel usage will result in equipment harm or where a threat exists to public safety.)**

Fuel Standards Development:

It is the obligation of the variance holder to make the study findings available directly to the applicable consensus organization. Attach a separate sheet detailing your efforts towards fuel standards development.

Send to: Laurene Chiesa, Supervising Special Investigator
California Department of Food and Agriculture
Division of Measurement Standards
Weighmaster Enforcement/Petroleum Products Branch
6790 Florin Perkins Road, Suite 100
Sacramento, CA 95828
(916) 229-3039
lchiesa@cdfa.ca.gov

This form is also available online at <http://www.cdfa.ca.gov/dms/>

NOTE: This completed form, along with any accompanying information, must be received at the Division within two weeks from the ending of said reporting quarter.